



Item: Gasoline and Diesel Fuel Contract
From: Dale Calvert, Vehicle Maintenance Supervisor
Initiated By: Public Works Department
Presented By: Jim Rearden, Public Works Director
Action Requested: Award Bid

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/reject) the bid award for gasoline and diesel fuel to Mountain View Co-Op for three years at an annual cost of approximately \$990,800.”

2. Mayor calls for a second, discussion, public comment, and calls for the vote.

Staff Recommendation: Staff recommends that the City Commission award the gasoline and diesel fuel contract to Mountain View Co-Op for three years at an annual cost of approximately \$990,800.”

Background:

Significant Impacts

In 2004, bids were requested and received for the supply of fuel for City of Great Falls operations. A contract with Mountain View Co-Op was subsequently executed. Per the existing contract, the parties involved by mutual agreement can extend the contract for a period of three years. In 2010 staff was able to negotiate an extension of the current fuel contract with Mountain View Co-Op. The gross margin of \$.05 per gallon, which includes all of their overhead including delivery, did not increase from the margin established in the 2004 fuel contract.

Staff estimates our annual fuel use to be 140,000 gallons of unleaded gasoline, 26,000 gallons of number one diesel and 124,000 gallons of number two diesel.

Fuel prices will, of course, fluctuate and the specifications ask for the particular index the supplier proposes to use to determine our cost changes. Mountain View Co-Op will use the Cenex wholesale price, and as the price paid by Mountain View Co-Op changes, our price will change by the same amount per gallon.

Evaluation and Selection Process

The specifications were advertised two times in the Great Falls Tribune, placed on the City of Great Falls website, and mailed to three prospective bidders. The bids were opened on September 4, 2013, with one bidder responding.

Fiscal Impact: Funds for the purchase of gasoline and diesel fuels are provided in individual department budgets. Central Garage tracks fuel usage and departments are billed for their actual use.

Alternatives: The City Commission could vote to reject this contract.

Attachments: Contract Copy
Bid Tab
Bid List

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 6th day of September, 2013, by and between the **CITY OF GREAT FALLS, MONTANA**, a municipal corporation organized and existing under the laws of the State of Montana, P.O. Box 5021, Great Falls, Montana 59403-5021, hereinafter referred to as "City," and Mountain View CO-OP, 2200 Old Havre Highway, Black Eagle, MT 59414, hereinafter referred to as "Consultant."

In consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency whereof being hereby acknowledged, the parties hereto agree as follows:

1. Purpose: City agrees to hire Consultant as an independent contractor to perform for City services described in the Scope of Services attached hereto as Exhibit "A" and by this reference made a part hereof.

2. Effective Date: This Agreement is effective upon the date of its execution and will terminate on the 30th day of September, 2016. The parties may extend this agreement in writing prior to its termination.

3. Scope of Work: Consultant will perform the work and provide the services in accordance with the requirements of the Scope of Services.

4. Payment: City agrees to pay Consultant Transport Load = Great Falls Rack + .05 cents, Bulk Load = Great Falls Rack + .10 cents for services performed pursuant to the Scope of Services. Any alteration or deviation from the described work that involves extra costs will be performed by Consultant after written request by the City, and will become an extra charge over and above the contract amount. The parties must agree upon any extra charges in writing.

5. Independent Contractor Status: The parties agree that Consultant is an independent contractor for purposes of this Agreement and is not to be considered an employee of the City for any purpose. Consultant is not subject to the terms and provisions of the City's personnel policies handbook and may not be considered a City employee for workers' compensation or any other purpose. Consultant is not authorized to represent the City or otherwise bind the City in any dealings between Consultant and any third parties.

Consultant shall comply with the applicable requirements of the Workers' Compensation Act, Title 39, Chapter 71, MCA, and the Occupational Disease Act of Montana, Title 39, Chapter 71, MCA. Consultant shall maintain workers' compensation coverage for all members and employees of Consultant's business, except for those members who are exempted by law.

Consultant shall furnish the City with copies showing one of the following: **(1)** a binder for workers' compensation coverage by an insurer licensed and authorized to provide workers' compensation insurance in the State of Montana; or **(2)** proof of exemption from workers' compensation granted by law for independent contractors.

6. Indemnity and Insurance: For other than professional services rendered, to the fullest extent permitted by law, Consultant agrees to defend, indemnify, and hold the City harmless against claims, demands, suits, damages, losses, and expenses connected therewith that may be asserted or claimed against, recovered from or suffered by the City by reason of any injury or loss, including but not limited to, personal injury, including bodily injury or death, property damage, occasioned by, growing out of, or in any way arising or resulting from any intentional or negligent act on the part of Consultant or Consultant's agents or employees.

For the professional services rendered, to the fullest extent permitted by law, Consultant agrees to indemnify and hold the City harmless against claims, demands, suits, damages, losses, and expenses, including reasonable defense attorney fees, to the extent caused by the negligence or willful misconduct of the Consultant or Consultant's agents or employees.

For this purpose, Consultant shall provide City with proof of Consultant's liability insurance issued by a reliable company or companies for personal injury and property damage in amounts not less than as follows:

- Workers' Compensation - statutory
- Employers' Liability - \$1,000,000 per occurrence; \$2,000,000 annual aggregate
- Commercial General Liability - \$1,000,000 per occurrence; \$2,000,000 annual aggregate
- Company Owned Automobile Liability - \$1,000,000 property damage/bodily injury; \$2,000,000 annual aggregate
- Professional Liability - \$1,000,000 per claim; \$2,000,000 annual aggregate

The City shall be included or named as an additional or named insured on the Commercial General and Company Owned Automobile Liability policies. The insurance must be in a form suitable to City.

7. Professional Service: Consultant agrees that all services and work performed hereunder will be accomplished in a professional manner.

8. Compliance with Laws: Consultant agrees to comply with all federal, state and local laws, ordinances, rules and regulations, including the safety rules, codes, and provisions of the Montana Safety Act in Title 50, Chapter 71, MCA. As applicable, Consultant agrees to purchase a City safety inspection certificate or special business license.

9. Nondiscrimination: Consultant agrees that all hiring by Consultant of persons performing this Agreement will be on the basis of merit and qualification and will not discriminate on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin.

10. Default and Termination: If either party fails to comply with any condition of this Agreement at the time or in the manner provided for, the other party, at its option, may terminate this Agreement and be released from all obligations if the default is not cured within ten (10) days after written notice is provided to the defaulting party. Said notice shall set forth

the items to be cured. Additionally, the non-defaulting party may bring suit for damages, specific performance, and any other remedy provided by law. These remedies are cumulative and not exclusive. Use of one remedy does not preclude use of the others. Notices shall be provided in writing and hand-delivered or mailed to the parties at the addresses set forth in the first paragraph of this Agreement.

11. Modification and Assignability: This document contains the entire agreement between the parties and no statements, promises or inducements made by either party or agents of either party, which are not contained in this written Agreement, may be considered valid or binding. This Agreement may not be enlarged, modified or altered except by written agreement signed by both parties hereto. The Consultant may not subcontract or assign Consultant's rights, including the right to compensation or duties arising hereunder, without the prior written consent of City. Any subcontractor or assignee will be bound by all of the terms and conditions of this Agreement.

12. Ownership and Publication of Materials: All reports, information, data, and other materials prepared by the Consultant pursuant to this Agreement are the property of the City. The City has the exclusive and unrestricted authority to release, publish or otherwise use, in whole or part, information relating thereto. Any re-use without written verification or adaptation by the Consultant for the specific purpose intended will be at the City's sole risk and without liability or legal exposure to the Consultant. No material produced in whole or in part under this Agreement may be copyrighted or patented in the United States or in any other country without the prior written approval of the City.

13. Liaison: City's designated liaison with Consultant is _Dan Morano and Consultant's designated liaison with City is Dale Calvert.

14. Applicability: This Agreement and any extensions hereof shall be governed and construed in accordance with the laws of the State of Montana.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

CITY OF GREAT FALLS, MONTANA

MOUNTAIN VIEW CO-OP

CONSULTANT (Type Name Above)

By _____

Gregory T. Doyon, City Manager

By _____

Print Name: _____

Print Title: _____

ATTEST:

(Seal of the City)

Lisa Kunz, City Clerk

APPROVED AS TO FORM

By _____
Sara R. Sexe, City Attorney

CITY OF GREAT FALLS FUEL PURCHASE

It is the intent of these specifications and bid proposal to secure price quotes for Unleaded Gasoline (minimum of 85 Octane) and No. 1 and No. 2 Diesel Fuel (Cetane 45 and 43, respectively) for the City of Great Falls for a three-year period beginning with City Commission bid award. THIS AGREEMENT MAY BE AUTOMATICALLY RENEWED BY MUTUAL AGREEMENT OF THE CITY OF GREAT FALLS AND THE SUCCESSFUL BIDDER FOR AN ADDITIONAL THREE YEAR TERM. THE PARTY DESIRING TO EXTEND THIS AGREEMENT SHALL PROVIDE AT LEAST 180 DAYS PRIOR WRITTEN NOTICE TO THE OTHER. Fuel products must meet or exceed all the following specifications. Any deletions or variations from the following specifications must be noted and explained. These specifications shall be construed as minimum requirements.

A. <u>GENERAL:</u>	Meets or Exceeds Specifications	Exception to Specifications
	Yes or No	
1. Prices may fluctuate from the initial levels quoted as they relate to the posted tank wagon prices or other similar, verifiable index.	<u>Yes</u>	_____
INDEX PROPOSED: <u>Transport load = Great Falls Rack + .05 cents</u> <u>Bulk load = Great Falls Rack + .10 cents</u>		
2. Supplier will provide the City with copies of any and all documentation as to changes in the index affecting the City's costs.	<u>Yes</u>	_____
3. Supplier shall provide the City with detailed invoices for all fuels purchased during a calendar month.	<u>Yes</u>	_____
4. Orders for fuel by the City may be either written or oral. Any order may include quantities less than a full transport load.	<u>Yes</u>	_____
5. Supplier will deliver fuel to the storage tank(s) designated by the City which are listed in Paragraph E. and within 24 hours of the written or oral order.	<u>Yes</u>	_____
6. All prices are to include delivery and placement in the City's storage tanks as listed in Paragraph E.	<u>Yes</u>	_____
7. Quantities are estimates only of one year's use. The actual amount may be somewhat more or less than the estimate.	<u>Yes</u>	_____
8. Fuel quality shall be at least equal to the quality of fuel available at commercial pumping stations.	<u>Yes</u>	_____
9. Supplier shall not be liable for any delay in furnishing or failure to furnish fuel due to fire, war, flood, or other act of God.	<u>Yes</u>	_____
10. In case of default by supplier or failure of supplier to deliver the fuel within the time specified, the City may procure fuel from other sources.	<u>Yes</u>	_____

CITY OF GREAT FALLS FUEL PURCHASE
BID SPECIFICATIONS
PAGE 2

Meets or Exceeds
Specifications
Yes or No

Exception
to
Specifications

B. UNLEADED GASOLINE:

1. Octane level: Minimum of eighty-five (85)

Yes | _____

2. Fuel to contain a detergent additive of sufficient strength to promote clean operation of fuel injected engines.

Yes | _____

C. NO. 1 DIESEL FUEL: Cetane forty-five (45)

Yes | _____

D. NO. 2 DIESEL FUEL: Cetane forty-two (42)

Yes | _____

E. STORAGE TANKS: The listing below is the capacity of the tank and not the amount of fuel that would be ordered for each delivery.

1. Public Works Complex, 1025 25th Avenue Northeast:

a. Tank #1, diesel capacity (No. 1 and No. 2): 9,800 gallons

b. Tank #2, unleaded gasoline capacity: 9,800 gallons

2. Fire Station #1, 105 9th Street South:

a. Tank #1, unleaded gasoline capacity: 9,000 gallons

b. Tank #2, diesel capacity (No. 1 and No. 2): 2,100 gallons

c. Tank #3, diesel capacity (No. 1 and No. 2): 2,100 gallons

3. R. O. Speck Golf Course, 29th Street and River Drive:

a. Unleaded gasoline capacity: 1,000 gallons

4. Anaconda Hills Golf Course, NE of City (Black Eagle):

a. Unleaded gasoline capacity: 1,000 gallons

DATE: 8-29-13

NAME OF PRICE INDEX PROPOSED: Cenex Rack Pricing

GROSS MARGIN PER GAL: .03 cents

NAME OF COMPANY: Mountain View Co-op

ADDRESS: 2200 Old Havre Highway, Black Eagle, MT 59414

TELEPHONE: 406-453-2435 Ext. 6

PREPARED BY: DAN MORAN
(PRINTED NAME) 
(SIGNATURE)

CITY OF GREAT FALLS FUEL PURCHASE
 BID SPECIFICATIONS

9-5-13

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F.1 BIDS:

	Any Quantity Unleaded Gasoline	Any Quantity No. 1 Diesel	Any Quantity No. 2 Diesel	
	.05	.05	.05	transport

F.1
 BASE INDEX COST PER GAL \$ 3.1675 \$ 3.5275 \$ 3.2375

F.2
 STORAGE / CLEAN-UP FEE PER GAL \$.0075 \$.0075 \$.0075

F.3
 FEDERAL TAX PER GAL NA NA NA

F.4
 STATE TAX PER GAL \$.27 \$ \$

F.5
 SUPERFUND TAX PER GAL \$.001 \$.001 \$.001

F.6
 OTHER COST PER GAL \$ N/A \$ N/A \$ N/A
 PLEASE SPECIFY:

F.7
 TOTAL COST TO CITY PER GAL ✓ \$ 3.496 ✓ 3.586 ✓ 3.296

F.8
 ESTIMATED AMOUNT IN GALS 140,000 24,000 126,000

F.9
 TOTAL BID (ROW F7 X F8) \$ 489,440 \$ 86,064 \$ 415,296

F.10 Bid award recommendation will be based on the total costs of row F.9 Should different indices be used by bidders. City Staff will recommend the bid having the best cost benefit to the City.

Total \$ 990,800

NAME & ADDRESS OF BIDDER ←			Mtn. View Co-Op				
SUPERFUND TAX PER GALLON							
• Any Quantity Unleaded			\$.001				
• Any Quantity No. 1 Diesel			\$.001				
• Any Quantity No. 2 Diesel			\$.001				
OTHER COST PER GALLON SPECIFY							
• Any Quantity Unleaded			\$.05	Transport			
• Any Quantity No. 1 Diesel			\$.05	Transport			
• Any Quantity No. 2 Diesel			\$.05	Transport			
TOTAL COST TO CITY PER GALLON							
• Any Quantity Unleaded			\$3.496				
• Any Quantity No. 1 Diesel			\$3.586				
• Any Quantity No. 2 Diesel			\$3.296				
TOTAL BID							
• Any Quantity Unleaded			\$489,440				
• Any Quantity No. 1 Diesel			\$86,064				
• Any Quantity No. 2 Diesel			\$415,296				
NAME OF PRICE INDEX PROPOSED			Cenex Rack Pricing				

**FUEL PURCHASE
BID LIST**

1. Best Oil Dist. Inc.
1115 Smelter Avenue
Great Falls, MT 59404

2. Mountain View Co-Op
1000 Smelter Avenue
Black Eagle, MT 59414

3. Pinnacle Petroleum, Inc
7911 Professional Circle
Huntington Beach, CA 92648